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Nigeria

Grain and Feed

Rice Imports Quarterly

2007

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Report Highlights:
The recent decision of the Indian government to stop exports of non-basmatic rice has pushed up demand for and price of Thai rice. Notwithstanding, Nigeria's rice import demand remains firm due to scarcity and rising prices of local staples. Cross-border smuggling of rice is increasing, fueled by the GON's protective duty.

Includes PSD Changes: No
Includes Trade Matrix: No
Quarterly Report
Lagos [NI1]
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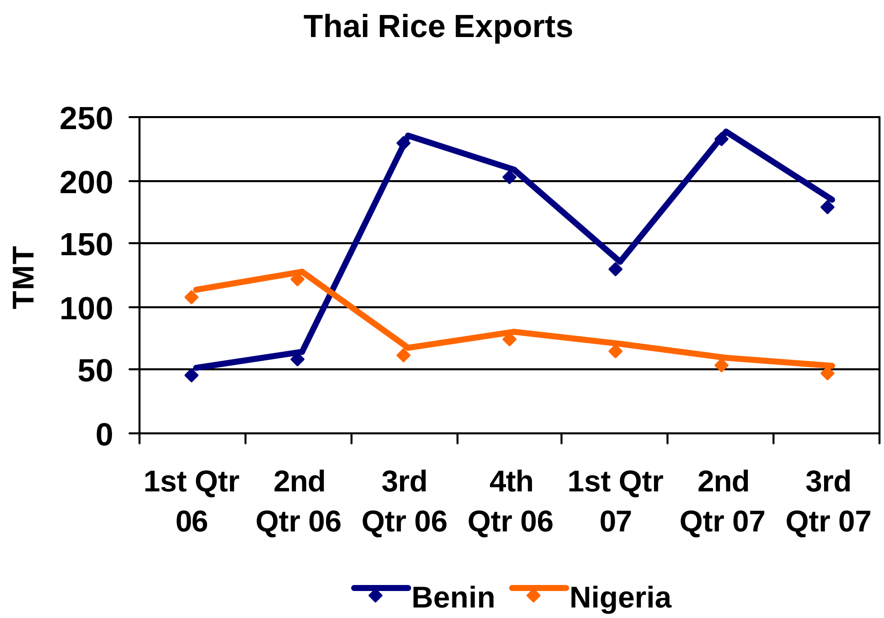
Executive Summary

Import forecasts from previous PSD submission are unchanged at 1.7 million tons. According to local trade sources, an estimated 800,000 tons of this amount will enter the country through illegal channels. High duties create the incentive for tariff avoidance and smuggling. Rice imports to Benin Republic attract only 35 percent duty, which represents about $200 per ton price advantage over imports to Nigerian ports. Nigerian importers simply land their imports in Benin and then smuggle them into the country, and this trend seems to be increasing. Benin Republic, like most other countries in the region, is a market for regular milled rice. Nigeria is the only market in the region for parboiled rice. Virtually, all the parboiled rice entering the region, are in reality destined for the Nigeria market.



Trade sources also reported that the GON has, for the second time this year, granted an importer approval to import 100,000 tons of Thai rice at zero duty. This will cause market distortion for other rice importers. A factor pushing up the price of Asian rice in this market is the recent ban by the Indian government on exports of non-basmatic rice (India is the second largest rice exporter to Nigeria). As a result, traders have increased rice purchases from Thailand in preparation for strong demand during the festive season.

The major rice importers in Nigeria have made significant investment in milling capacities in support of government efforts towards self-sufficiency. Examples of these private sector initiatives are: Veetee Rice in Ogun State, Olam in Benue, Niger, Nasarawa and Kwara states, and Stallion in Lagos. These companies made the investments on the understanding that the GON would initially grant duty concession of 50 percent to import brown rice. The first company that got the concession reportedly misused the privilege by importing fully milled rice. Consequently, the GON has stopped giving the concession to all companies. In the meantime, the GON has set up a committee to review all existing import duty waivers and concessions with a view to streamline the process and prevent abuse. Local rice importers indicate that the GON may now give duty concession only on paddy rice.